

**THE OFFICE OF REGULATORY STAFF**  
**DIRECT TESTIMONY & EXHIBITS**  
**OF**  
**MICHAEL L. SEAMAN-HUYNH**  
**SEPTEMBER 24, 2018**



**DOCKET NO. 2017-370-E**

**Joint Application and Petition of South Carolina Electric & Gas Company and Dominion Energy, Incorporated for Review and Approval of a Proposed Business Combination between SCANA Corporation and Dominion Energy, Incorporated, as May be Required, and for a Prudency Determination Regarding the Abandonment of the V.C. Summer Units 2 and 3 Project and Associated Customer Benefits and Cost Recovery Plans**

**DIRECT TESTIMONY AND EXHIBITS OF**

**MICHAEL L. SEAMAN-HUYNH**

**ON BEHALF OF**

**THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF**

**DOCKET NO. 2017-370-E**

**IN RE: JOINT APPLICATION AND PETITION OF SOUTH CAROLINA  
ELECTRIC & GAS COMPANY AND DOMINION ENERGY,  
INCORPORATED FOR REVIEW AND APPROVAL OF A PROPOSED  
BUSINESS COMBINATION BETWEEN SCANA CORPORATION AND  
DOMINION ENERGY, INCORPORATED, AS MAY BE REQUIRED, AND  
FOR A PRUDENCY DETERMINATION REGARDING THE  
ABANDONMENT OF THE V.C. SUMMER UNITS 2 & 3 PROJECT  
AND ASSOCIATED CUSTOMER BENEFITS AND COST RECOVERY  
PLANS**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.**

**A.** My name is Michael Seaman-Huynh. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina as a Senior Regulatory Manager in the Utility Rates and Services Division of the Office of Regulatory Staff (“ORS”).

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

**A.** I received my Bachelor’s Degree from the University of South Carolina in 1997. Prior to my employment with ORS, I was employed as an energy analyst with a private consulting firm. I joined ORS in 2006 as an Electric Utilities Specialist and was promoted to Senior Electric Utilities Specialist in 2010. When the Energy Regulation Department was formed in August 2015, I assumed the position of Senior Regulatory Analyst. In May

2016, the Utility Rates and Services Division was formed, and I was promoted to the position of Senior Regulatory Manager.

**Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA (“COMMISSION”)?**

**A.** Yes. I have testified on numerous occasions before the Commission in connection with hearings concerning annual fuel clause proceedings, general rate cases, and Utility Facility Siting and Environmental Protection Act proceedings.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

**A.** The purpose of my testimony is to address certain areas of the ORS’s examination of the joint application and petition of South Carolina Electric & Gas Company (“SCE&G”) and Dominion Energy, Incorporated (“Dominion”) (together the “Applicants”) in Docket No. 2017-370-E (“Application”). My testimony will address several topics including:

- An overview of SCE&G’s natural gas operations in South Carolina;
- ORS’s recommendations regarding natural gas operations should the merger be approved;
- ORS’s review of the Application regarding rates and riders;
- ORS’s recommendations regarding its base rate reduction, capital cost recovery rider, tax savings rider, and merger savings rider under the ORS Optimal Rate Payer Benefits Plan ("Optimal Plan");
- ORS’s recommendation regarding the Applicants’ proposed rate credit to customers; and,

- A comparison of the three (3) plans proposed by SCE&G and Dominion to the Optimal Plan proposed by ORS and the impacts of each proposal on customers.

**I. SCE&G NATURAL GAS OPERATIONS**

**Q. PLEASE DESCRIBE SCE&G LOCAL DISTRIBUTION COMPANY (“LDC”) GAS OPERATIONS IN SOUTH CAROLINA.**

**A.** SCE&G is engaged in the purchase, sale and transportation of natural gas to approximately 1.3 million natural gas customers in South Carolina, North Carolina, and Georgia combined. As of December 31, 2017, SCE&G provided natural gas services to approximately 368,000 customers in South Carolina.<sup>1</sup> The service area for natural gas encompasses all or part of 35 counties in South Carolina and covers approximately 23,000 square miles.

**Q. PLEASE DESCRIBE SCE&G’S GAS OPERATIONS USED FOR ELECTRIC GENERATION IN SOUTH CAROLINA.**

**A.** SCE&G is engaged in the purchase and transportation of natural gas to its Columbia Energy Center, Coit, Cope, Hagood, Hardeeville, Jasper, McMeekin, Parr, Urquhart, and Williams generating facilities.

**Q. PLEASE DESCRIBE SCE&G’S NATURAL GAS PIPELINE SYSTEM IN SOUTH CAROLINA.**

**A.** SCE&G's natural gas system includes 447 miles of transmission pipeline of up to 20 inches in diameter that connect its distribution system with Southern Natural Gas Company (“Southern”), Transcontinental Gas Pipeline Corporation (“Transco”), and Dominion Energy Carolina Gas Transmission Corporation (“DECGT”). SCE&G’s

---

<sup>1</sup> SCANA December 31, 2017 Form 10-K, page 5.

distribution system consists of 17,671 miles of distribution mains and related service facilities. SCE&G also owns and operates two (2) Liquefied Natural Gas (“LNG”) plants, one located near Charleston, South Carolina (“Bushy Park”) and the other in Salley, South Carolina (“Salley”).

**Q. PLEASE DISCUSS SCE&G’S GAS COST AND SUPPLY PROCESS IN SOUTH CAROLINA.**

**A.** SCE&G purchases natural gas under contracts with producers and marketers on both a short-term and long-term basis at market-based prices. The gas is delivered to South Carolina through firm transportation agreements with Southern, Transco and DECGT, and short-term transportation agreements. Currently, the long-term contracts have expiration dates at various times through 2084.<sup>2</sup> The maximum daily volume of gas that SCE&G is currently entitled to transport under these contracts is 212,194 Million British Thermal Units (“MMBTU”) from Southern, 110,458 MMBTU from Transco, and 456,427 MMBTU from DECGT.<sup>3</sup> To meet the requirements of its firm LDC natural gas customers during periods of high demand, SCE&G has 5,502,600 MMBTU of natural gas storage capacity on the systems of Southern and Transco.<sup>4</sup> SCE&G supplements its supplies of natural gas with its Bushy Park and Salley LNG facilities.

**Q. HOW WILL THE POTENTIAL MERGER IMPACT NATURAL GAS OPERATIONS?**

**A.** The Applicants do not ascribe specific benefits to SCE&G natural gas customers. The potential merger will create a vertically integrated natural gas utility. Dominion would

---

<sup>2</sup> SCANA December 31, 2017 Form 10-K, page 8.

<sup>3</sup> SCANA December 31, 2017 Form 10-K, page 8.

<sup>4</sup> SCANA December 31, 2017 Form 10-K, page 9.

own both the transmission pipeline and the distribution pipeline. ORS recommends the Commission establish certain conditions to ensure natural gas customers receive safe and reliable service at reasonable prices, and electric generation from the purchase and transportation of natural gas is achieved on the most economical terms. SCE&G should be required by the Commission to engage in good faith negotiations with third-party suppliers of gas and transportation capacity, and affiliated transactions should be scrutinized. SCE&G should be required to follow a “least cost” standard with regard to contracting for gas supply transportation and storage services to ensure fair pricing among service providers and that business decisions are not biased in favor of affiliate transactions. ORS witnesses Kollen and Baudino propose additional conditions for the Commission’s consideration.

## **II. APPLICATION REVIEW**

**Q. PLEASE DISCUSS THE PROPOSED RATE REDUCTIONS IN THE APPLICATION.**

**A.** As part of the Customer Benefits Plan (“CBP”), the Applicants propose to implement a Capital Cost Rider Component that will reduce the retail rates of each customer class by 3.5% (“Capital Cost Rider Component”). The Applicants also requested that the Commission approve a Tax Rider that would reduce retail electric rates for each customer class by approximately 1.5% (“Tax Rider”).<sup>5</sup> The Tax Rider was updated in the direct testimony and exhibits of SCE&G witness Rooks to reduce retail electric rates by 2.70% filed on August 2, 2018.<sup>6</sup> This percentage was updated again in the Revised Exhibits

---

<sup>5</sup> Application, Exhibit 12, Page 4 of 55, “Tax Rider”.

<sup>6</sup> Exhibit AWR-1, Page 55 of 55, “Tax Rider”.

of witness Rooks filed on August 31, 2018 to 2.79%.<sup>7</sup>

**Q. WERE THERE ANY ADDITIONAL CHANGES IN SCE&G'S DIRECT TESTIMONY THAT WOULD FURTHER REDUCE RETAIL RATES?**

**A.** Yes. SCE&G witness Rooks, in his direct testimony and exhibits, offers an additional New Nuclear Development Tax Rider that would further reduce electric rates by approximately 1.86% ("NND Tax Rider") for approval by the Commission filed on August 2, 2018.<sup>8</sup> This percentage was updated in the Revised Exhibits of witness Rooks filed on August 31, 2018 to 1.93%.<sup>9</sup>

**Q. HAS SCE&G PERFORMED A COST OF SERVICE STUDY IN SUPPORT OF ITS APPLICATION?**

**A.** No. SCE&G is not requesting an increase or reduction in Base Rates in the Application. SCE&G is requesting approval of a reduction in rates through a series of riders, and as such, did not perform a Cost of Service Study.<sup>10</sup>

**Q. DOES ORS AGREE WITH SCE&G'S ALLOCATIONS IN THE CAPITAL COST RIDER COMPONENT?**

**A.** No. ORS does not agree with SCE&G's proposal to reduce the rates of all electric retail classes by a flat 3.5%.

**Q. WHY DOES ORS DISAGREE WITH THE FLAT 3.5% RATE REDUCTION?**

**A.** Under S.C. Code Ann. § Section 58-33-270 (D) (2017), the additional revenue requirements to be collected through revised rates were allocated among customer classes based on the utility's South Carolina firm peak demand data from the prior year. SCE&G

---

<sup>7</sup> Revised Exhibit AWR-1, Page 53 of 53, "Tax Rider".

<sup>8</sup> Exhibit AWR-1, Page 51 of 55, "NND Tax Rider".

<sup>9</sup> Revised Exhibit AWR-1, Page 49 of 53, "NND Tax Rider".

<sup>10</sup> Response to AIRs 1-9, 1-10, and 1-11.

1 used the same four-hour-band Coincident Peak methodology approved by this Commission  
2 for over thirty (30) years. For each Revised Rates proceeding (Docket Nos. 2009-211-E,  
3 2010-157-E, 2011-207-E, 2012-186-E, 2013-150-E, 2014-187-E, 2015-160-E, and 2016-  
4 224-E (collectively the “Revised Rates Proceedings”), SCE&G derived the revenue  
5 increases for each customer class using this methodology. As such, it is ORS’s  
6 recommendation that any reductions in revenues should also be allocated using this same  
7 methodology. Additionally, ORS recommends allocations be updated to use data from the  
8 2017 calendar year. ORS Exhibit MSH-1 shows SCE&G’s 2017 firm peak demand, which  
9 occurred on August 18, 2017, and each customer class’ contribution to that peak.

10 **III. EXPERIMENTAL RATES (DOCKET NO. 2018-217-E)**

11 **Q. PLEASE DISCUSS THE EXPERIMENTAL RATES ORDERED BY THE**  
12 **COMMISSION IN ORDERS 2018-459 AND 2018-460.**

13 **A.** In Order 2018-459, the Commission ordered SCE&G to implement new  
14 experimental rates to temporarily reduced SCE&G’s rates effective in April 2018 by the  
15 increases imposed under the provisions of the Base Load Review Act in Commission  
16 Orders 2011-738, 2012-761, 2013-680(A), 2014-785, 2015-712, and 2016-758  
17 (“Experimental Rates”). Order 2018-459 specified that the Experimental Rates will be  
18 effective for “a period of no earlier than April 1, 2018, until the issuance of this  
19 Commission's final order on the merits in the V.C. Summer matters.”

20 Order 2018-460 ordered that SCE&G implement the Experimental Rates beginning  
21 with the first billing cycle of August 2018. Further, Order 2018-460 implements a  
22 decrement rider for New Nuclear Development (“NND”) revenues collected for the months  
23 of April, May, June and July 2018.



**Q. DID YOU INCLUDE THE REVENUE REDUCTIONS RESULTING FROM THE EXPERIMENTAL RATES IN YOUR ANALYSIS?**

**A.** No. As stated in the Commission's order, the Experimental Rates are only to be in place for a limited time. Additionally, as discussed by ORS witness Sullivan, the examination by the ORS Audit Department verified SCE&G's accounting books and records for the Application, which used the twelve months ending September 30, 2017 as its review period ("Review Period"). The Experimental Rates were effective after the September 30, 2017 Review Period. For these reasons, I did not include them in my analysis.

#### **IV. BASE RATE REDUCTION**

**Q. PLEASE DISCUSS ORS'S RECOMMENDED BASE RATE REDUCTION.**

**A.** Based on the recommendations of ORS witnesses Jones, Kollen, Major, Richardson, and Sullivan, ORS recommends reducing SCE&G's base rates by \$445,000,978 ("Base Rate Reduction") to remove the revenue associated with the Revised Rates Proceedings. As discussed previously in my testimony, ORS recommends that this Base Rate Reduction be allocated to each customer class based on its contribution to SCE&G's 2017 firm peak demand as shown in ORS Exhibit MSH-1. The revenue decreases for the Base Rate Reduction, by customer class, are shown in ORS Exhibit MSH-2, page 1 of 2 for the first year of the merger (presumed to be 2019) and page 2 of 2 for the second year (presumed to be 2020) and going forward until SCE&G's next general rate case.

#### **V. CAPITAL COST RECOVERY RIDER**

**Q. PLEASE DISCUSS ORS'S CAPITAL COST RECOVERY RIDER.**

1     **A.**             Based on the recommendations of ORS witness Kollen, ORS recommends  
2             implementation of a Capital Cost Recovery Rider to recover \$86,172,247 in prudently  
3             incurred costs associated with the NND Project (“CCR Rider”). ORS recommends this  
4             CCR Rider be allocated to each customer class based on its contribution to SCE&G’s 2017  
5             firm peak demand as shown in ORS Exhibit MSH-1. The revenue increases for the CCR  
6             Rider by customer class are shown in ORS Exhibit MSH-2.

7                             **VI. TAX SAVINGS RIDER**

8     **Q. PLEASE DISCUSS ORS’S TAX SAVINGS RIDER.**

9     **A.**             Based on the recommendations of ORS witness Kollen, ORS recommends the  
10            implementation of a Tax Savings Rider to reduce retail electric rates by \$98,701,976 (“Tax  
11            Savings Rider”). ORS recommends that this Tax Savings Rider be allocated to each  
12            customer class as shown in ORS Exhibit MSH-1. The revenue decreases for the Tax  
13            Savings Rider by customer class are shown in ORS Exhibit MSH-2.

14                            **VII. MERGER SAVINGS RIDER**

15    **Q. PLEASE DISCUSS ORS’S MERGER SAVINGS RIDER.**

16    **A.**             Based on the recommendations of ORS witness Kollen, ORS recommends the  
17            implementation of a Merger Savings Rider to reduce retail electric rates by \$35,000,000  
18            during the first year of the merger (presumed to be 2019) and \$70,000,000 during the  
19            second year (presumed to be 2020) and going forward until SCE&G’s next general rate  
20            case (“Merger Savings Rider”). Like the CCR Rider and Tax Savings Rider, ORS  
21            recommends that this Merger Savings Rider be allocated to each customer class based on  
22            its contribution to SCE&G’s 2017 firm peak demand as shown in ORS Exhibit MSH-1.

The revenue decreases for the Merger Savings Rider by customer class are shown in ORS Exhibit MSH-2.

### **VIII. PROPOSED RATE CREDIT**

**Q. PLEASE DISCUSS THE ONE-TIME RATE CREDIT PROPOSED BY THE APPLICANTS.**

**A.** Under the CBP, the Applicants propose a one-time rate credit to electric customers totaling \$1.3 billion (“Rate Credit”). As proposed in the Application, the Rate Credit will be apportioned to all retail electric customer classes based on their contribution to SCE&G’s 2016 firm peak demand. SCE&G would then derive a rate per kilowatt-hour (“\$/kWh”) for each customer class (Residential, Small General Service, Medium General Service, and Large General Service) by dividing the total kilowatt-hour (“kWh”) sales of electricity for customer class for the 12-months of calendar year 2016. The \$/kWh rate would then be applied to each individual customer’s usage over the same 12-months of calendar year 2016. Table 1 below shows the rate per kWh for each customer class using this methodology.

**Table 1: Rate Credit<sup>11</sup>**

<b>Customer Class</b>	<b>Rate Credit \$/kWh rate</b>
Residential	\$0.07837
Small General Service	\$0.06745
Medium General Service	\$0.05828
Large General Service	\$0.04188

---

<sup>11</sup> Response to AIR 1-111.

1           Using this methodology, a residential customer on Rate 8 using 1,000 kWh monthly  
2           (“Residential Customer”) would receive a one-time Rate Credit of \$940.44.

3   **Q.   DOES ORS RECOMMEND THAT THE COMMISSION APPROVE THE ONE-**  
4   **TIME RATE CREDIT?**

5   **A.**           No. As addressed by ORS witness Kollen, the one-time Rate Credit is being funded  
6           primarily through the proceeds from the Toshiba guarantee. As part of the Optimal Plan,  
7           ORS recommends these proceeds be used to reduce the allowed NND abandonment costs  
8           recoverable through the CCR Rider.

9   **Q.   IF THE COMMISSION APPROVES THE ONE-TIME RATE CREDIT AS AN**  
10   **ALTERNATIVE TO REDUCING THE ALLOWED NND COSTS, WHAT**  
11   **RECOMMENDATIONS DOES ORS OFFER?**

12   **A.**           While ORS does not recommend the one-time Rate Credit for reasons described in  
13           more detail by ORS witness Kollen, ORS does not oppose the methodology proposed by  
14           the Applicants to calculate the Rate Credit. ORS recommends the calculation methodology  
15           be updated to use data from the 2017 calendar year. Using SCE&G’s firm peak demand  
16           and customer usage information from 2017, ORS calculated the potential rate per kilowatt  
17           hour (\$/kWh) for each customer class. These calculations are shown in ORS Exhibit MSH-  
18           3 and are shown in Table 2 below.

**Table 2: Rate Credit Adjusted for 2017 Data**

Customer Class	Rate Credit \$/kWh rate
Residential	\$0.08061
Small General Service	\$0.07147
Medium General Service	\$0.05933
Large General Service	\$0.04241

Using the Rate Credit, adjusted for 2017 data, a Residential Customer would receive a Rate Credit of \$967.32.

### **IX. CUSTOMER IMPACTS**

The revenue changes under the ORS Optimal Plan are shown by customer class in ORS Exhibit MSH-2. The individual changes for the Base Rate Reduction, CCR Rider, Merger Saving Rider, and Tax Savings Rider are shown separately for each customer class. The net total decrease from all of ORS's adjustments is \$492,530,707 in the first year of the merger. As shown in ORS Exhibit MSH-2, page 1 of 2, the retail decreases by customer class proposed by ORS are as follows: Residential, 20.93%; Small General Service, 20.13%; Medium General Service, 21.03%; and Large General Service, 19.09%. The overall total retail decrease is 20.33% in the first year of the merger. As shown in ORS Exhibit MSH-2, page 2 of 2, the retail decreases by customer class proposed by ORS are as follows: Residential, 22.42%; Small General Service, 21.56%; Medium General Service, 22.52%; and Large General Service, 20.44%. The overall total retail decrease is 21.77% in the second year of the merger (presumed to be 2020) and going forward until SCE&G's next general rate case.

**Q. DID ORS REVIEW THE IMPACTS TO CUSTOMERS' BILLS UNDER THE APPLICANTS' CUSTOMER BENEFITS PLAN, SCE&G'S NO MERGER BENEFITS PLAN, AND SCE&G'S BASE REQUEST?**

**A.** Yes. ORS reviewed each of the plans submitted by SCE&G and Dominion as part of the Application. The rates in each of the plans do not include any changes in annual fuel or Demand Side/Energy Efficiency rate components.

- Under the CBP, a Residential Customer will receive the Rate Credit proposed by the Applicants. The Capital Cost Rider Component will remain constant for the first eight years and will gradually decrease rates attributed to NND costs over the remaining twelve years of the twenty-year period. Residential Customers will receive the benefits of the Tax Rider through 2020 and will receive the benefits of the NND Tax Rider for a twenty-year period.
- Under SCE&G's No Merger Benefits Plan, a Residential Customer will see the 3.5% flat rate reduction proposed by the Applicants, and will pay gradually decreasing rates over a fifty-year period attributed to NND costs. Like the CBP, the Tax Rider would reduce rates through 2020 by 4.42% instead of 2.79%.<sup>12</sup> Additionally, there is no NND Tax Rider under the No Merger Benefits Plan.
- Under SCE&G's Base Request, there is no reduction in rates associated with NND costs. There is no NND Tax Rider, but the Tax Rider percentage increases from 2.79% to 4.83%.<sup>13</sup>

**Q. PLEASE DISCUSS THE IMPACTS OF THE OPTIMAL PLAN TO CUSTOMERS' BILLS.**

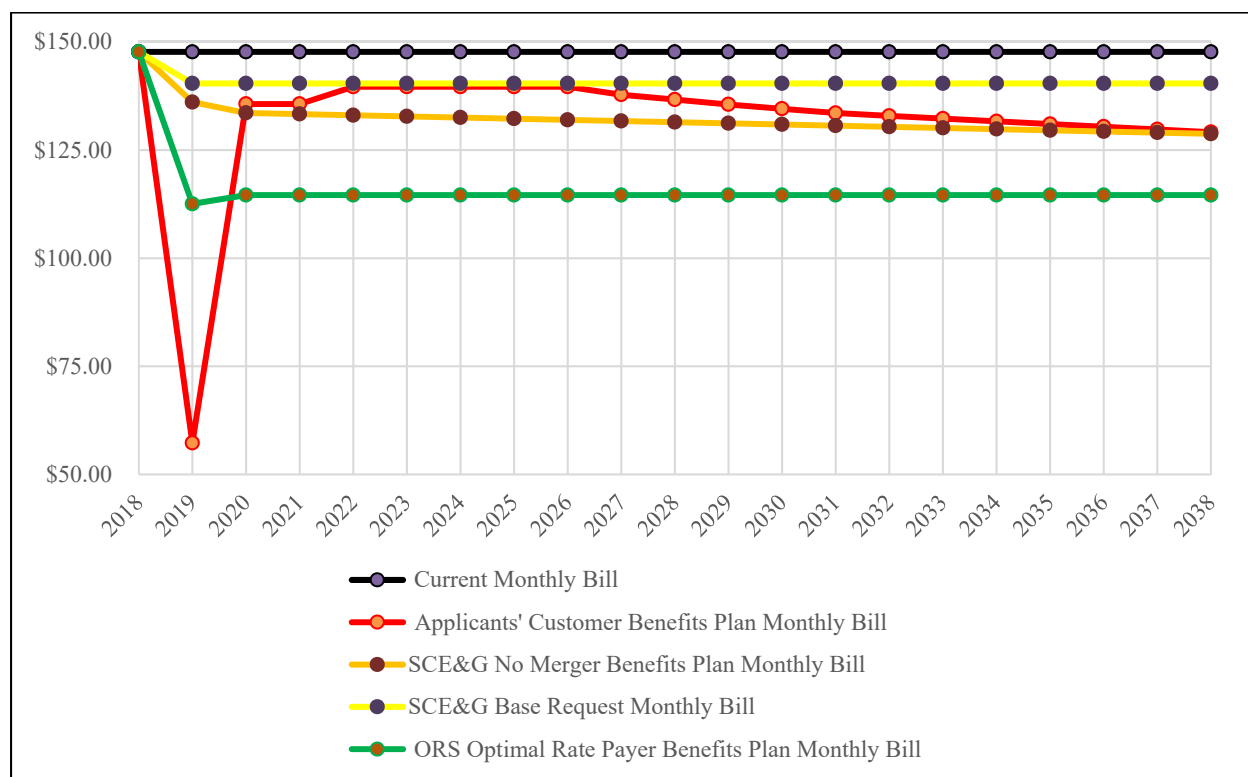
---

<sup>12</sup> Exhibit AWR-2.

<sup>13</sup> Exhibit AWR-3.

A. Under the Optimal Plan, a Residential Customer will benefit from the Base Rate Reduction, CCR Rider, Tax Savings Rider, and Merger Savings Rider. Residential Customers will see an immediate and significant drop in their monthly bills during the first year of the merger with additional reductions in the second year. These bills will remain at this lower level over a twenty-year period. Over the entire twenty-year period, Residential Customers will experience a reduction of approximately \$7,971 from currently approved rates. Table 3 below provides an illustrative representation of Residential Customers' bills for each of the plans discussed above for twenty years. As discussed above, the bills under the No Merger Benefits extend for an additional thirty years beyond what is shown in this table.

**Table 3: Twenty-Year Comparison of Residential Customer Monthly Bills<sup>14,15</sup>**



<sup>14</sup> CBP Monthly Bill includes Rate Credit.

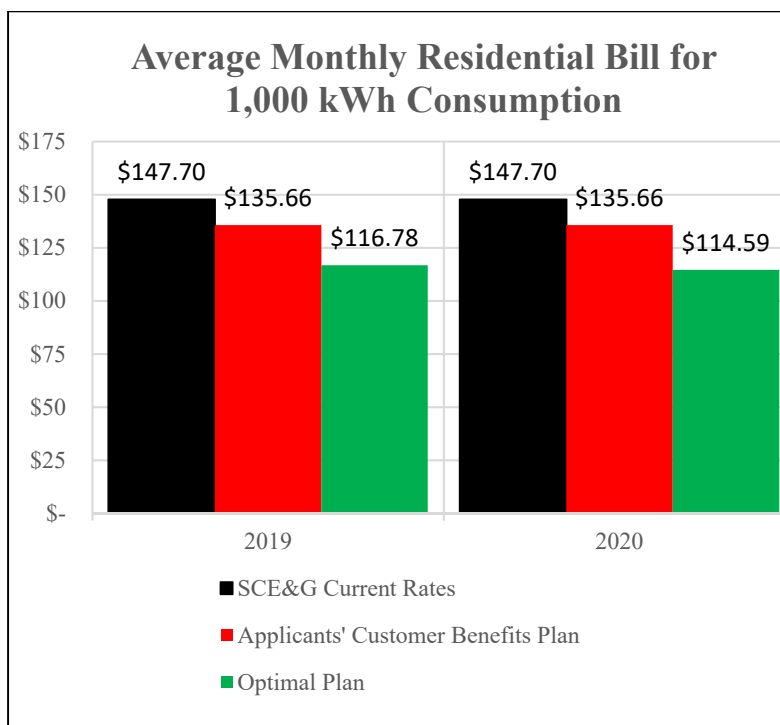
<sup>15</sup> Optimal Plan Monthly Bill includes the ORS proposed one-time Tax Refund.

## CONCLUSION

**Q. WHAT IS THE NET IMPACT OF THE ORS RECOMMENDATIONS ON THE AVERAGE MONTHLY BILL FOR A TYPICAL RESIDENTIAL CUSTOMER?**

**A.** As shown in ORS Exhibit MSH-4, under the Optimal Plan the average monthly bill for a Residential Customer will decrease by approximately \$30.92, from \$147.70 to \$116.78, or 20.93%, in the first year. In the second year, the Optimal Plan will reduce the customer's bill to \$114.59, a reduction of \$33.11 or 22.42% over current rates. Table 4 below provides a comparison of the average monthly bills under SCE&G's current rates (excluding the Experimental Rates), the Applicants' CBP (excluding the Rate Credit), and the Optimal Plan (excluding the ORS proposed one-time Tax Refund).

**Table 4: Average Monthly Residential Bill for 1,000 kWh Consumption<sup>16,17,18</sup>**



<sup>16</sup> SCE&G Current Rates exclude the Experimental Rates.

<sup>17</sup> CBP excludes Rate Credit.

<sup>18</sup> Optimal Plan excludes the ORS proposed one-time Tax Refund.



1   **Q.     WILL YOU UPDATE YOUR TESTIMONY BASED ON INFORMATION THAT**  
2       **BECOMES AVAILABLE?**

3   **A.**           Yes. ORS fully reserves the right to revise its recommendations via supplemental  
4       testimony should new information become available not previously provided by the  
5       Applicants, or from pending state and federal investigations and lawsuits.

6   **Q.     DOES THIS CONCLUDE YOUR TESTIMONY?**

7   **A.**           Yes, it does.

**Office of Regulatory Staff**  
**MICHAEL SEAMAN-HUYNH**  
**EXHIBIT LIST**

**South Carolina Electric & Gas Company and Dominion Energy, Inc.**  
*Docket No. 2017-370-E*

<b>EXHIBIT NUMBER</b>	<b>DESCRIPTION</b>
MSH-1	Demand Allocations
MSH-2, page 1	Allocation of Revenue Changes (2019)
MSH-2, page 2	Allocation of Revenue Changes (2020)
MSH-3	Rate Credit Calculations
MSH-4	Average Monthly Residential Bill for 1,000 kWh Consumption

**Office of Regulatory Staff**  
**Demand Allocations**  
**South Carolina Electric & Gas Company**  
***Docket No. 2017-370-E***

ORS EXHIBIT MSH-1

**2017 Peak Demand Summary Allocations <sup>1</sup>**

<b><u>Rate Class</u></b>	<b><u>Firm kW Demand</u></b>	<b><u>Overall Ratios</u></b>
Residential	1,990,214	45.86%
Small General Service	797,850	18.38%
Medium General Service	427,159	9.84%
Large General Service	987,111	22.75%
Lighting	-	0.00%
<b>Retail Total</b>	<b>4,202,334</b>	<b>96.83%</b>
Wholesale	137,523	3.17%
<b>System Total</b>	<b>4,339,857</b>	<b>100.00%</b>

**2017 Retail Peak Demand Allocations**

<b><u>Class</u></b>	<b><u>Firm kW Demand</u></b>	<b><u>Ratios</u></b>
Residential	1,990,214	47.36%
Small General Service	797,850	18.99%
Medium General Service	427,159	10.16%
Large General Service	987,111	23.49%
Lighting	-	0.00%
<b>Retail Total</b>	<b>4,202,334</b>	<b>100.00%</b>

*Numbers may not equal 100% due to rounding.*

1. Response to ORS Utility Rates Request #5.

**Office of Regulatory Staff**  
**Allocation of Revenue Changes (2019)**  
South Carolina Electric & Gas Company  
*Docket No. 2017-370-E*

Rate Class	Present Revenues Annualized <sup>1,2</sup>	ORS Proposed Revenue Annualized	ORS Base Rate Reduction Increase/(Decrease)	ORS Capital Cost Recovery Rider Increase/(Decrease)	ORS Merger Savings Rider Increase/(Decrease)	ORS Tax Savings Rider Increase/(Decrease)	ORS Total Revenue Increase/(Decrease) (Total)	ORS Percent Increase/(Decrease) (Total)
(a)		(b)	(c)	(d)	(e)	(f)	(g)	(h)
<b>Residential Service</b>	\$ 1,114,356,908	\$ 881,094,365	\$ (210,752,463)	\$ 40,811,176	\$ (16,576,000)	\$ (46,745,256)	\$ (233,262,543)	-20.93%
<b>Small General Service</b>	\$ 464,542,926	\$ 371,011,345	\$ (84,505,686)	\$ 16,364,110	\$ (6,646,500)	\$ (18,743,505)	\$ (93,531,581)	-20.13%
<b>Medium General Service</b>	\$ 237,995,900	\$ 187,954,780	\$ (45,212,099)	\$ 8,755,100	\$ (3,556,000)	\$ (10,028,121)	\$ (50,041,120)	-21.03%
<b>Large General Service</b>	\$ 606,168,714	\$ 490,473,251	\$ (104,530,730)	\$ 20,241,861	\$ (8,221,500)	\$ (23,185,094)	\$ (115,695,463)	-19.09%
<b>Total Retail</b>	\$ 2,423,064,448	\$ 1,930,533,741	\$ (445,000,978)	\$ 86,172,247	\$ (35,000,000)	\$ (98,701,976)	\$ (492,530,707)	-20.33%

1. Twelve months ending September 30, 2017.

2. Response to ORS AIR 1-13.

**Office of Regulatory Staff**  
**Allocation of Revenue Changes (2020)**  
South Carolina Electric & Gas Company  
*Docket No. 2017-370-E*

Rate Class	Present Revenues Annualized <sup>1,2</sup>	ORS Proposed Revenue Annualized	ORS Base Rate Reduction Increase/(Decrease)	ORS Capital Cost Recovery Rider Increase/(Decrease)	ORS Merger Savings Rider Increase/(Decrease)	ORS Tax Savings Rider Increase/(Decrease)	ORS Total Revenue Increase/(Decrease) (Total)	ORS Percent Increase/(Decrease) (Total)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
<b>Residential Service</b>	\$ 1,114,356,908	\$ 864,518,365	\$ (210,752,463)	\$ 40,811,176	\$ (33,152,000)	\$ (46,745,256)	\$ (249,838,543)	-22.42%
<b>Small General Service</b>	\$ 464,542,926	\$ 364,364,845	\$ (84,505,686)	\$ 16,364,110	\$ (13,293,000)	\$ (18,743,505)	\$ (100,178,081)	-21.56%
<b>Medium General Service</b>	\$ 237,995,900	\$ 184,398,780	\$ (45,212,099)	\$ 8,755,100	\$ (7,112,000)	\$ (10,028,121)	\$ (53,597,120)	-22.52%
<b>Large General Service</b>	\$ 606,168,714	\$ 482,251,751	\$ (104,530,730)	\$ 20,241,861	\$ (16,443,000)	\$ (23,185,094)	\$ (123,916,963)	-20.44%
<b>Total Retail</b>	\$ 2,423,064,448	\$ 1,895,533,741	\$ (445,000,978)	\$ 86,172,247	\$ (70,000,000)	\$ (98,701,976)	\$ (527,530,707)	-21.77%

1. Twelve months ending September 30, 2017.

2. Response to ORS AIR 1-13.

**Office of Regulatory Staff**  
**Rate Credit Calculations**  
**South Carolina Electric & Gas Company**  
*Docket No. 2017-370-E*

ORS EXHIBIT MSH-3

<b>Rate Class</b>	<b>Allocation<sup>1</sup></b>	<b>Allocation of Rate Credit</b>	<b>2017 Annual Energy Usage<sup>2,3</sup></b>	<b>ORS Proposed Rate Credit (\$/kWh)</b>
<b>Residential Service</b>	47.36%	\$ 615,680,000	7,637,389,916	\$ 0.08061
<b>Small General Service</b>	18.99%	\$ 246,870,000	3,454,008,407	\$ 0.07147
<b>Medium General Service</b>	10.16%	\$ 132,080,000	2,226,088,692	\$ 0.05933
<b>Large General Service</b>	23.49%	\$ 305,370,000	7,200,873,632	\$ 0.04241
<b>Total Retail</b>	100.00%	\$ 1,300,000,000	20,518,360,647	

1. From Exhibit MSH-1

2. Response to ORS Utility Rates Request #5.

3. Excludes energy usage not associated with NND revenues.

**Office of Regulatory Staff** **ORS EXHIBIT MSH-4**  
**Average Monthly Residential Bill for 1,000 kWh Consumption**  
**South Carolina Electric & Gas Company**  
*Docket No. 2017-370-E*

	<u>1st Year</u> <u>2019</u>	<u>2nd Year</u> <u>2020</u>
<b>SCE&amp;G Current Rates<sup>1,2</sup></b>	\$147.70	\$147.70
<b>Applicants' Customer Benefits Plan<sup>3</sup></b>	\$135.66	\$135.66
<b>Optimal Plan<sup>4</sup></b>	\$116.78	\$114.59

<sup>1</sup> SCE&G Current Rates bill includes the approved rates in Docket Nos. 2018-2-E and 2018-42-E effective May 1, 2018.

<sup>2</sup> SCE&G Current Rates bill exclude the Experimental Rates.

<sup>3</sup> Applicant's Customer Benefits Plan bill does not include the proposed Rate Credit.

<sup>4</sup> Optimal Plan bill does not include the ORS proposed one-time Tax Refund.